

NEW YORK POST
7 November 1986**Inside look at U.S.-Iran cloak-and-dagger operation**

THE GIULIANI CONNECTION

By NILES LATHAM, MARVIN SMILON, ELI TEIBER,
URI DAN and DEBORAH ORIN

U.S. ATTORNEY Rudolph Giuliani's office played a key role in the cloak-and-dagger operation to win freedom for American hostages in Lebanon by sending U.S. arms to Iran. The Post has learned.

The secret arms shipments, reportedly approved personally by President Reagan despite a U.S. arms embargo, led to the release of three hostages — the Rev. Benjamin Weir, Father Lawrence Jenco and David Jacobsen.

Administration and law enforcement sources told The Post



Arms deal has links back to Iranian hostage crisis.

that Giuliani's office became involved through a shadowy Iranian named Cyrus Hashemi — one of three mysterious brothers said to have ties to the CIA.

Giuliani himself declined last night to discuss the matter, saying: "I am once removed from it."

Sources said Giuliani's involvement began when Hashemi was charged here in 1984 with plotting to ship arms to Iran during the 1980 hostage crisis.

In a plot worthy of a John le Carre spy novel, Hashemi first became a double agent who helped set up an arms-smuggling "sting" that hooked retired Israeli Gen. Avraham Bar-Am, then offered to help the administration make back-door contacts in Iran to help win freedom for the Lebanon hostages.

Giuliani's office was the initial channel for Washington's contacts with Hashemi, the sources said.

"Rudy was personally on the hostage thing himself," one source added.

Hashemi has been identified as a cousin of Iranian Parliament Speaker Hashemi Rafsanjani,

reportedly the chief Teheran contact for secret dealings conducted by former U.S. national security adviser Robert McFarlane.

The arms case against Hashemi was handled in a highly unusual fashion — he was never prosecuted, remained free on bail and was allowed to leave the country at will.

Hashemi died July 21 in London. The listed cause was leukemia.

His Manhattan lawyer, William Wachtel, told The Post last night the death was "awfully mysterious."

All charges against Hashemi were dropped Aug. 7.

Sources told The Post that Hashemi and his two brothers, Reza and Jhamshid, all had business links to the current Iranian regime headed by the Ayatollah Khomeini and the previous regime headed by the deposed Shah.

The three brothers operated an export-import business out of New York City, Long Island and London.

According to the sources, Hashemi — who has a reputation for boastfulness — approached the CIA in the final days of

the Carter administration and said he had contacts with Khomeini that could help free the 52 U.S. hostages.

The CIA was interested, and according to intelligence sources the agency sought help from the three brothers several times in 1980-84.

The CIA also asked the FBI to investigate them. The agency bugged the brothers' offices and heard them plotting to ship arms to Iran.

That revelation sparked a giant inter-agency battle between the CIA, Customs Service and Justice Dept. over whether to arrest them.

While the Hashemis were trying to work out a deal, Customs decided to act, luring Reza back to the U.S., where he was arrested and pleaded guilty on the arms deal.

Cyrus Hashemi, then in London, cut a deal to set up the arms "sting" in exchange for leniency.

Sources said Giuliani's office was the contact point for any administration officials wishing to contact Hashemi.